



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 15, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *tm*
Auditor-Controller

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES: FISCAL
YEAR 2002-03 MONITORING OF DISPUTE RESOLUTION PROGRAM
SERVICE PROVIDERS**

At the request of the Department of Community and Senior Services (CSS), we engaged Simpson & Simpson, Certified Public Accountants (Simpson), to conduct fiscal and program monitoring of the 17 contractors that provided dispute resolution services for CSS during Fiscal Year (FY) 2002-03 and to conduct a year-end review of FY 2001-02 financial activities. CSS allocated approximately \$3 million in funds to 17 contractors to provide dispute resolution services for FY 2002-03.

REVIEW SUMMARY

Simpson completed its contract monitoring and close-out reviews and has reported the findings to CSS and the respective service providers. Simpson's closeout reviews noted the following significant findings:

For Fiscal Year 2001-02 financial activity

- Nine (53%) of the 17 contractors did not properly record or document in-kind matches totaling \$790,649.

For Fiscal Year 2002-03 financial activity

- Thirteen (76%) of the 17 contractors did not properly record or document in-kind matches totaling \$353,820.
- Four (24%) of the 17 contractors did not have documentation to support the cost allocation method used to allocate \$82,509 in costs to the program.

- Six (35%) of the 17 contractors did not have supporting documentation for \$72,198 in program expenditures billed to CSS.
- Three (18%) of 17 contractors did not obtain CSS' approval for purchases totaling \$6,496.

Attachment I is a summary of Simpson's significant findings by contractor.

REVIEW OF REPORT

CSS is responsible for ensuring service providers correct noted findings, including the resolution of the contractors' documentation and reporting of in-kind services; and for the coordination of technical assistance and training to the service providers on an as needed basis.

Simpson's management letter (Attachment II) did not note any reportable conditions related to CSS' administration of the Dispute Resolution Program.

All reports were discussed with CSS and the service providers. Because of the number of service providers, copies of individual reports are not enclosed, but are available for your review.

Please call me or have your staff call DeWitt Roberts (626) 293-1101 if you wish to review any reports.

JTM:DR:JK
Attachments

C: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
Robert Ryans, Director
Ester Soriano, DRP Compliance Officer
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

Department of Community and Senior Services
Monitoring of Dispute Resolution Providers

No.	Provider	No. of Recommendations	Significant Findings (See page 2 for explanation)				
			A	B	C	D	E
1	A. Milton Milner Fund dba Western Law Center for Disability Rights	3				\$2,209	
2	Asian Pacific American Dispute Resolution Center	2		(1)	\$38,774		
3	California Academy of Mediation Professionals	5	\$65,370	\$41,805	\$8,304		
4	California Lawyers for the Arts	3	\$81,008	\$5,530			
5	Center for Conflict Resolution	6			\$315	\$1,532	\$5,111
6	City of Hawthorne / Centinela Valley Juvenile Diversion Program	5	\$285,470	\$114,150			
7	City of Norwalk Consumer-Rental Mediation Board	2	\$39,886	\$24,504			
8	Claremont Dispute Resolution Center	7	\$70,883	\$27,616		\$48,669	\$500
9	Inland Valley Justice Center, Inc.	5	(1)	\$16,596			
10	Korean American Coalition	4		\$8,550			
11	Los Angeles County Bar Association, DRS, Inc.	4	\$49,150	\$22,186	\$35,116		
12	Los Angeles County CSS - Voluntary Mediation Services	3	\$188,382	\$73,165			\$885
13	Los Angeles County Department of Consumer Affairs	2		\$2,125		\$501	
14	Los Angeles Superior Court	2		\$997		\$17,610	
15	Loyola Law School	1				\$1,677	
16	Martin Luther King Legacy	5	\$10,500	\$16,596			
17	Office of the L.A. City Attorney, DRP	1					
Total		60	\$790,649	\$353,820	\$82,509	\$72,198	\$6,496

- A. Did not properly record or document in-kind matches during fiscal year 2001-02.**
 - B. Did not properly record or document in-kind matches during fiscal year 2002-03.**
 - C. Did not have documentation to support the cost allocation method used to allocate expenditures to the program.**
 - D. Expenditures not supported with documentation.**
 - E. Purchases of fixed assets or discretionary expenditures without County approval.**
- 1. Simpson did not report a dollar value.**

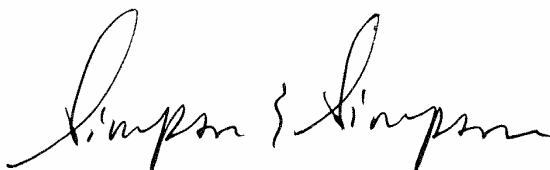
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In planning and performing our fiscal monitoring of the Dispute Resolution Program (DRP) service providers for the Department of Community and Senior Services (CSS) for the 2002-2003 program year, we noted no matters involving CSS' internal control structure relating to accounting and contract administration that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report DRP fiscal transactions.

However, the scope of our engagement was limited to monitoring DRP service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions under standards established by the American Institute of Certified Public Accountants.

This report is intended solely for the use of the County of Los Angeles.



Los Angeles, California
June 26, 2003